

\*OGC Has Reviewed\*

24 May 1951

MEMORANDUM FOR: File

SUBJECT: Liaison with the Office of International Trade

Mr. Ostroff, General Counsel of the Office of International Trade, Department of Commerce, requested an interview to discuss liaison problems with CIA and the desirability of increasing or improving liaison between OIT and CIA. For sometime there has been direct liaison between OSO and the Enforcement Division of OIT to supply the Enforcement Division with OSO reports from the field concerning trade and financing activities which appear to be related to the Enforcement Division duties under the Export License and Control Regulations. Mr. Ostroff stated that these reports are extremely helpful and through them he was strongly impressed by the potential of CIA in assisting his office.

CIA is also represented on a foreign commerce policy committee which considers overall problems of control of foreign trade and exports. In addition, Mr. Ostroff believes that the regional desks of OIT maintain some direct contact with their counterparts in CIA.

His problem (if there is one) derives from the fact that he is now attempting to form a broad scale enforcement program including a much wider scope of investigation than has heretofore been in force. As I understand it, his office is going to give policy guidance and some technical instruction to the investigating and enforcing staff of the Enforcement Division and he feels it his duty to make sure that their programs are soundly conceived and co-ordinated.

Our discussion indicated that his OSO liaison was best suited for factual information in specific cases, although he may attempt to improve the type of requirements to be given to OSO. The new question -- and OSO can only answer it in part -- concerns broad problems of trends in international trade and of means of evading controls. Thus, Mr. Ostroff said that while his enforcement record is fairly good on specific cases which they investigate, it is his belief that they are not investigating the truly important cases. They are catching the fly-by-nights and individual cases, but are not even able to establish whether there have been formed organized groups in finance and trade, which are avoiding controls with impunity. He wishes to establish a program of investigation and reporting which would tend to bring to light any such organized trade into the Satellites and Far East which has so far not come to light.

Similarly, there are certain actions which this Government takes in connection with controls which he feels must be reflected in trade trends. An example would be the new imposition of intransit controls by which for the first time this Government asserts control over forbidden trade which merely touches or passes through the U.S. Mr. Ostroff feels that while there is noticeable decrease in intransit trade resulting from these controls, this does not mean that such trade has stopped, and he believes that it would be reflected by trade through other countries. He has, however, no information to support or deny this supposition and specific requests to Foreign Service have not brought detailed response.

I told Mr. Ostroff that I would attempt to find out whether a segment of this Agency was prepared to assist him in developing his program and if so, how liaison should be established.

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LAWRENCE R. HOUSTON  
General Counsel

cc: ORR

*Mr. Kirkpatrick*